

# AARTECH SOLONICS LIMITED

## AUDITED FINANCIAL STATEMENTS

(FOR THE YEAR ENDING MARCH 31, 2020)

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Registered Office:  
E-2/57, "Ashirvad"  
Arera Colony  
Bhopal – 462016  
Madhya Pradesh

Tel. No. 91-755-4276335/2463693  
Fax No. 91-755-2463593  
E-mail: [info@aartechsolonics.com](mailto:info@aartechsolonics.com)  
Website: [www.aartechsolonics.com](http://www.aartechsolonics.com)

Auditors:  
***SPARK & Associates***  
Chartered Accountants  
F-08, Smruti Towers  
159, Zone II, M P Nagar  
Bhopal



# SPARK & ASSOCIATES CHARTERED ACCOUNTANTS

F-08, Smruti Complex, 159, Zone-II,  
MP Nagar, Bhopal - 462011 (M.P.)  
Tel.: 0755-2556641, 9425300141  
E-mail : ca.roopak@gmail.com  
Website : www.ca-spark.com

## INDEPENDENT AUDITORS' REPORT

To the Members of **AARTECH SOLONICS LIMITED**

### Report on Financial Statements

We have audited the accompanying Financial Statements of AARTECH SOLONICS LIMITED ('the Company'), which comprise the Balance Sheet as at March 31, 2020, the statement of Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board Of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records; relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act.

Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the







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Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit, and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies ( Auditor's report) Order, 2020 ( "the Order") issued by the Central Government of India in terms of sub-section(11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account, as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the Directors as on March 31, 2020 and taken on record by the Board Of Directors, none of the Directors is disqualified as on March 31, 2020 from being appointed as a Director in terms of section 164(2) of the Act;







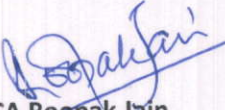
# SPARK & ASSOCIATES

## CHARTERED ACCOUNTANTS

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- f. With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2020, in our opinion and to the best of our information and according to the explanations given to us:
- I. The Company does not have any pending litigations which would impact its financial position.
  - II. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
  - III. There has been no delay in transferring amounts if any, to the Investor Education and Protection Fund by the Company.

For SPARK & Associates  
Chartered Accountants



CA Roopak Jain  
Partner  
(Membership No.: 410002)



Place: Bhopal  
Date: June 29, 2020  
UDIN: 20410002AAAAHI4834

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

*(Issued under Companies(Auditor's Report) Order, 2020)*

**Referred to in our Report of even date**

- 1a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has carried out physical verification of its fixed assets during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c. According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- 2a. The inventories have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- b. In our opinion, the procedures of verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion, the Company has maintained proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.
- 3a. The Company has granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations provided to us, the terms and conditions of the grant of such loans are prima facie not prejudicial to the Company's interest.
- b. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are not regular.
- c. The Principal and interest are overdue in respect of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
4. In our opinion and according to the information and explanations provided to us, the Company has granted loans to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with provisions of sections 73 to 76 of the Act and rules framed there under.






6. We have been informed that the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act for any products of the Company.
- 7.a. According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Sales Tax, Wealth Tax, Goods and Service Tax etc. with appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Service Tax, Sales Tax, Wealth Tax, Goods and Service Tax and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.
- b. According to the records of the Company, no dues of Income Tax, Service Tax, Wealth Tax, Goods and Service Tax, Sales Tax, Value Added Tax etc. are outstanding on account of any dispute.
8. According to the information and explanations given to us, no transactions have been surrendered or disclosed as income during the year in the tax assessments under the Income tax act, 1961.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debentures holders during the year.
10. (a). In our opinion and according to the information and explanations provided by the management, the Company has partly utilized the money raised by way of Public offer for the purposes for which they were raised.
- (b). In our opinion and according to the information and explanations provided by the management, the Company has not made any preferential allotment or private placement of shares or convertible debentures during the year.
11. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations provided by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
12. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
13. According to the information and explanations provided by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.



14. (a). The company has an internal audit system commensurate with the size and nature of the business.
- (b). The report of the Internal Auditor for the period under audit was considered by the statutory Auditor.
15. According to the information and explanations provided by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
16. According to the information and explanations provided to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.
17. The Company has not incurred cash losses during the current and immediately preceding financial year. The Provision of Section 15(1) of the sick Industrial Companies Act, 1985 shall not be applicable to the Company.
18. According to the information and explanations provided to us, statutory auditor has not given any resignation during the year, and hence, reporting requirements under this clause of the Order are not applicable to the Company and, not commented upon.
19. According to the information and explanations provided to us, on the basis of the financial ratios and expected dates of realization of financial assets ,payment of financial liabilities and other information accompanying the financial statements, no material uncertainty exists as on the date of the audit report .

For SPARK & Associates  
Chartered Accountants

  
CA Roopak Jain

Partner

(Membership No.: 410002)



Place : Bhopal

Date: June 29, 2020

UDIN: 20410002AAAAHI4834



# AARTECH SOLONICS LIMITED

## Balance Sheet as at March 31, 2020

Particulars	Notes	As at 31st March 2020	As at 31st March 2019
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	7,06,00,940	7,06,00,940
Reserves & Surplus	3	19,99,69,170	19,75,87,373
<b>Non Current Liabilities</b>			
Long term Borrowings		-	-
Deferred Tax Liabilities (Net)	4	6,30,683	5,11,146
<b>Current Liabilities</b>			
Short Term Borrowings	5	1,73,58,455	-
Trade Payables	6	1,75,91,422	93,33,564
Other Current Liabilities	7	46,03,038	2,63,479
Short Term Provisions	8	16,81,332	69,06,342
<b>TOTAL</b>		<b>31,24,35,040</b>	<b>28,52,02,844</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
- Tangible Assets	9	2,29,83,902	2,10,88,405
- Intangible Assets		-	-
- Capital Work-in-Progress		-	-
Non-Current Investments	10	2,91,94,451	1,33,24,192
Deferred Tax Assets (Net)		-	-
Long Term Loans and Advances	11	9,08,22,850	6,41,69,575
Other Non Current Assets		-	-
<b>Current Assets</b>			
Current Investments	12	7,46,19,168	6,40,85,180
Inventories	13	2,82,93,921	2,37,87,055
Trade Receivables	14	4,54,09,151	5,02,51,601
Cash and Bank Balances	15	76,00,661	4,14,92,603
Short Term Loans and Advances	16	94,17,909	13,67,060
Other Current Assets	17	40,93,027	56,37,172
		<b>31,24,35,040</b>	<b>28,52,02,844</b>

Significant accounting policies and notes to financial statements are given in note 1 to 29

The accompanying notes are integral part of the Financial Statements

Signed in terms of our report of even date

For **SPARK & Associates**

Chartered Accountants


**CA Roopak Jain**

Partner

(Membership No. 410002)

For and on behalf of the Board of Directors

  
**Amit A. Rajee**  
Chairman &  
Managing  
Director

  
**Arati Nath**  
Chief Executive  
Officer

  
**Pradeep Narkhede**  
Chief Financial Officer

  
**K.R. Tanuj Reddy**  
Company Secretary

Place : Bhopal

Date : June 29, 2020





# AARTECH SOLONICS LIMITED

## Statement of Profit and Loss for the year ended March 31, 2020

	Notes	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>REVENUES</b>			
Revenue from operations	18	10,04,40,048	14,56,50,996
Other income	19	78,16,856	1,27,41,955
<b>TOTAL REVENUE</b>		<b>10,82,56,904</b>	<b>15,83,92,951</b>
<b>EXPENDITURES</b>			
Cost of materials consumed	20	5,16,94,701	7,27,19,295
Change in inventories of finished goods and work in process	21	26,31,149	1,66,07,824
Employee benefit expenses	22	2,51,27,077	2,45,63,028
Finance costs	23	9,52,768	8,50,903
Depreciation and amortization expenses	24	19,09,191	20,52,726
Other expenses	25	1,87,10,053	2,02,67,495
<b>TOTAL EXPENSES</b>		<b>10,10,24,939</b>	<b>13,70,61,270</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>72,31,965</b>	<b>2,13,31,681</b>
Exceptional Items		-	-
<b>Profit before extraordinary items and tax</b>		<b>72,31,965</b>	<b>2,13,31,681</b>
Extraordinary Items		-	-
<b>Profit before tax</b>		<b>72,31,965</b>	<b>2,13,31,681</b>
<b>Tax Expense</b>			
Current Tax	26	12,00,584	42,72,177
Deferred Tax	27	1,19,537	74,157
<b>Profit for the year</b>		<b>59,11,844</b>	<b>1,69,85,347</b>
<b>Earnings per equity share (Par value of ₹ 10 each)</b>			
Basic (₹)		0.08	0.24
Diluted (₹)		0.08	0.24

Significant accounting policies and notes to financial statements are given in note 1 to 29

The accompanying notes are integral part of the Financial Statements

Signed in terms of our report of even date

For **SPARK & Associates**  
Chartered Accountants

  
CA Roopak Jain  
Partner

(Membership No. 410002)



For and on behalf of the Board of Directors

  
Amit A. Raje  
Chairman &  
Managing  
Director

  
Arati Nath  
Chief Executive  
Officer

  
Pradeep Narkhede  
Chief Financial Officer

  
K.R. Tanuj Reddy  
Company Secretary



Place : Bhopal

Date : June 29, 2020

## AARTECH SOLONICS LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2020

#### 2. SHARE CAPITAL

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
<b>Authorized Share Capital:</b>		
100,00,000 Equity shares of ₹10 each	10,00,00,000	10,00,00,000
<b>Total</b>	<b>10,00,00,000</b>	<b>10,00,00,000</b>
<b>Issued, subscribed and Paid up:</b>		
70,60,094 Equity shares of ₹10 each fully paid	7,06,00,940	7,06,00,940
<b>Total</b>	<b>7,06,00,940</b>	<b>7,06,00,940</b>

2.1 The reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period is set out below:

Particulars	(Number of equity shares)	
	As at 31st March 2020	As at 31st March 2019
Equity Shares at the beginning of the year	70,60,094	49,40,094
Add : Equity shares issued during the year		
- as fully paid up bonus shares	-	-
- as fully paid up shares for cash	-	21,20,000
Less : Shares cancelled on buy back of Equity Shares	-	-
<b>Equity Shares at the end of the year</b>	<b>70,60,094</b>	<b>70,60,094</b>

#### 2.2 Terms / rights attached to Equity Shares

Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.3 The details of shareholders holding more than 5% equity shares in the Company:

Name of Share Holders	No. of Shares	% held
<b>As at March 31, 2020</b>		
Mr. Anil Anant Raje	15,58,667	22.08%
Mrs. Chhaya Anil Raje	9,33,333	13.22%
Mrs. Prajakta Shashikant Kulkarni	10,92,000	15.47%
Mr. Amit Anil Raje	10,21,067	14.46%
Ashtamangal Projects Limited	4,80,000	6.80%
<b>As at March 31, 2019</b>		
Mr. Anil Anant Raje	15,58,667	22.08%
Mrs. Chhaya Anil Raje	9,33,333	13.22%
Mrs. Prajakta Shashikant Kulkarni	10,92,000	15.47%
Mr. Amit Anil Raje	10,21,067	14.46%

As per the records of the Company, including its register of shareholders / members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



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# **AARTECH SOLONICS LIMITED**

## **Notes on Financial Statements for the Year ended 31st March, 2020**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended and as applicable from time to time) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention on Going Concern basis.

The accounting policies and estimates adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below (if any).

#### **1.2 PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS**

During the year ended 31 March 2020, the Schedule III notified under the Companies Act, 2013, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Schedule III does not impact recognition and measurement principles followed for preparation of these financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### **PREVIOUS YEAR NUMBERS**

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

#### **1.3 USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.



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# AARTECH SOLONICS LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2020

### 1.4 REVENUE RECOGNITION

Revenue on sale of goods is recognized when property in the goods is transferred to the buyer for a price, or when all significant risks and rewards of ownership have been transferred to the buyer and no effective control is retained by the Company in respect of the goods transferred, to a degree usually associated with ownership, and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.

Revenue on transactions of rendering services is recognized under the completed service contract method. Contract is regarded as completed when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services.

### 1.5 INVENTORIES

- i. Finished goods and work in progress are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. By products are valued at net realizable value. Cost of finished goods and by-products includes excise duty. Cost is determined on a weighted average basis.
- ii. Stores, Spares and Raw Materials are valued at lower of historical cost or net realizable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
- iii. Historical cost is determined on the basis of weighted average method.
- iv. Obsolete stocks are identified once every year on the basis of technical evaluation and are charged off to revenue.
- v. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 1.6 INVESTMENTS

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost individually. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments in case of long term investments.



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# AARTECH SOLONICS LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2020

### 1.7 FIXED & INTANGIBLE ASSETS

#### *Tangible Fixed Assets*

Fixed assets are stated at historical cost less accumulated depreciation and impairment loss if any. While arriving at the historical cost, all costs, including net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets, and including financing costs till commencement of commercial production or the date the asset is put to use or bringing the asset to its working condition for intended use, are capitalized.

#### *Intangible Fixed Assets*

Capital Expenditure on purchase and development of identifiable non-monetary assets without physical substance is recognized as Intangible Assets in accordance with principles given under AS-26 – Intangible Assets issued by the Institute of Chartered Accountants of India. These are grouped and separately shown under the schedule of Fixed Assets. These are amortized over their respective expected useful lives. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

### 1.8 EXPENSES INCURRED DURING CONSTRUCTION PERIOD

Direct expenditure on projects or assets under construction or development is shown under capital work-in-progress.

The progress / milestone based payments made under the contracts for projects and assets under construction or development and other capital advances are considered as advances on capital account until the same are allocated to fixed assets, capital work-in-progress, and expenditure during construction and other relevant accounts, as applicable.

Expenditure incidental to the construction of projects or assets under construction or development that take substantial period of time to get ready for their intended use is accumulated as expenditure during construction, pending allocation to fixed assets and other relevant accounts, as applicable.

### 1.9 DEPRECIATION & AMORTISATION

Depreciation on fixed assets is provided as per straight line method. Depreciation is computed as per Part "C" of Schedule II of The Companies Act 2013.

Depreciation on additions / deductions to fixed assets made during the year is provided on a pro-rata basis from / up to the date of such additions / deductions, as the case may be.

Intangible assets are amortized over the best estimate of their useful lives; subject to a rebuttable presumption that such useful lives will not exceed ten years.



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# **AARTECH SOLONICS LIMITED**

## **Notes on Financial Statements for the Year ended 31st March, 2020**

### **1.10 IMPAIRMENT OF ASSETS**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior accounting periods.

### **1.11 FOREIGN CURRENCY TRANSACTIONS**

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year-end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- iii. Non-monetary foreign currency items are carried at cost.
- iv. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

### **1.12 RESEARCH AND DEVELOPMENT**

The Company maintains an in house Research & Development Facility which has been recognized by the Department of Scientific & Industrial Research, Ministry of Science & Technology, and Government of India during the current financial year. The Company accounts for the Revenue Expenditure on research and development facility including salaries, consumables and power & fuel separately and the same is disclosed separately under respective heads of expenditure in the Statement of Profit and Loss. Capital expenditure to the research & development facility is shown as addition to fixed assets and disclosed separately.



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# AARTECH SOLONICS LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2020

### 1.13 EMPLOYEES BENEFITS

Expenses and liabilities in respect of employee benefits are recorded as under.

**i) Provident Fund & ESI**

The Company makes contribution to statutory provident fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

**ii) Gratuity**

Gratuity is a post-employment benefit. The Company has formed a gratuity trust with Life Insurance Corporation of India during the year ending March 31, 2013. The annual provision is determined by the Life Insurance Corporation and the same is paid by the Company to be used as Gratuity Fund. Before April 1, 2012, the Company did not make any provisions in the books of accounts for future liability on account of gratuity payable in the event of retirement of any of its employees or directors. The amount of gratuity due and payable was recorded as an expense in the year in which the liability to pay the same arises.

**iii) Leave Encashment**

Leave encashment is recorded in the books of the Company as and when the same arises and becomes payable. The Company does not make any provisions in the books of account for leave encashment becoming due or expected after the balance sheet date.

**iv) Short-term employee benefits** are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

**v) Post-employment and other long term employee benefits** are recognized as an expense in the Profit and Loss account in the year in which the employee has retired / resigned and the amount has become payable.

### 1.14 LEASES

Leases, where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

In case of finance leases, the lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Profit and Loss account.



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# AARTECH SOLONICS LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2020

### 1.15 TAXES ON INCOME

Tax expense comprises of current and deferred. Provision for Current Tax is made in accordance with the provisions of Income Tax Act, 1961.

In accordance with Accounting Standard AS-22 'Accounting for Taxes on Income' as notified by Companies Accounting Standard Rules, 2006, Deferred Tax Liability/ Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, deferred Tax Assets are recognized only if there is a reasonable/ virtual certainty of realization thereof.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Tax on distribution of dividend is recognized on the basis of proposed dividend and the provision is made in the books of accounts.

### 1.16 GOVERNMENT GRANTS AND SUBSIDIES

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

### 1.17 BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 1.18 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

**A provision** is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**A contingent liability** is recognized for:

- i. A present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits



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## AARTECH SOLONICS LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2020

will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made.

- ii. A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**Contingent assets** are neither accounted for nor disclosed in the financial statements.

#### 1.19 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. Any loss or gain on sale / redemption of investments is recognized in the profit and loss account.

#### 1.20 EXCISE DUTY / SERVICE TAX AND SALES TAX / VALUE ADDED TAX

Excise duty / Service tax is accounted on the basis of both, payments made in respect of goods cleared / services provided as also provision made for goods lying in bonded warehouses. Excise duty, service tax, sales tax / Value added tax collected is accounted as a current liability and paid thereafter. Excise duty, service tax sales tax / value added tax on purchases and other expenses is accounted as current asset only when there is reasonable certainty that the amount can be utilized for the payment of such duties taxes or cess, otherwise the same is accounted along with the expense for which the same has been paid and charged to Profit and Loss account.



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# AARTECH SOLONICS LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2020

### 3. RESERVES AND SURPLUS

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
<b>a) Capital Reserve</b>		
Balance as per last Financial Statements	35,52,358	35,52,358
Add : Transferred from the statement of profit and loss	-	-
<b>Closing Balance</b>	<b>35,52,358</b>	<b>35,52,358</b>
<b>b) General Reserve</b>		
Balance as per last Financial Statements	9,69,15,392	9,69,15,392
Add : Transferred from the statement of profit and loss	-	-
Add : Transferred from Investment allowance reserve	-	-
<b>Closing Balance</b>	<b>9,69,15,392</b>	<b>9,69,15,392</b>
<b>c) Securities Premium</b>		
Balance as per last Financial Statements	5,09,20,000	40,000
Add : Received during the year on issue on share	-	5,08,80,000
<b>Closing Balance</b>	<b>5,09,20,000</b>	<b>5,09,20,000</b>
<b>d) Surplus / (deficit) balance in statement of profit and loss during the year</b>		
Balance as per last Financial Statements	4,61,99,623	2,92,14,276
Add : Profit for the year	59,11,844	1,69,85,347
Less: Appropriations:		
– Transferred to Capital Grant (DST Uplift Project)		-
– Proposed Dividend on Equity Shares	35,30,047	-
– Provision for Dividend Distribution Tax		-
<b>Closing Balance</b>	<b>4,85,81,420</b>	<b>4,61,99,623</b>
<b>Total</b>	<b>19,99,69,170</b>	<b>19,75,87,373</b>

### 4. DEFERRED TAX LIABILITIES (Net)

Particulars	(Amount in ₹)	
	As at 31st March 2019	
<b>Deferred tax liability as on March 31, 2019</b>	<b>5,11,146</b>	
Less: Deferred tax asset arising on account of difference in Depreciation as per Companies Act and as per Income Tax Act	-	
Add: Deferred tax Liability arising on account of difference in Depreciation as per Companies Act and as per Income Tax Act	1,19,537	
<b>Deferred tax liability as on March 31, 2020</b>	<b>6,30,683</b>	

- 4.1 The deferred tax assets and liabilities have been recognised in accordance with the provisions of Accounting Standard 22 on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India for giving effects for the timing differences between the taxable income and the accounting income for the period that originate in one period and are capable of reversal in one or more subsequent periods.





## AARTECH SOLONICS LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2020

#### 5. SHORT TERM BORROWINGS

(Amount in ₹)

Particulars	As at	As at
	31st March 2020	31st March 2019
- HDFC Bank CC Account	1,37,81,114	-
- HDFC Bank (Bill Discounting)	35,77,341	-
<b>Total</b>	<b>1,73,58,455</b>	<b>-</b>

#### 6. TRADE PAYABLES

(Amount in ₹)

Particulars	As at	As at
	31st March 2020	31st March 2019
Micro, Small and Medium Enterprises (Refer Note No. 6.2)	71,46,291	11,48,643
Other (Refer Note No. 6.1)	1,04,45,131	81,84,921
<b>Total</b>	<b>1,75,91,422</b>	<b>93,33,564</b>

6.1 Trade payable represents amounts payable to creditors for material ₹ 1,61,51,220 and creditors for other expenses and services ₹ 14,40,202.

6.2 The information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act,

(Amount in ₹)

Particulars	As at	As at
	31st March 2020	31st March 2019
Principal amount due and remaining unpaid	71,46,291	11,48,643
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest due and payable for the period of delay	-	-
Amount of further interest remaining due and payable	-	-
<b>Total</b>	<b>71,46,291</b>	<b>11,48,643</b>



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# AARTECH SOLONICS LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2020

### 7. OTHER CURRENT LIABILITIES

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
Current Maturities of Long-Term Debt	-	-
Current Maturities of Finance Lease Obligations	-	-
Interest Accrued but not due on Borrowings	-	-
Interest Accrued and due on Borrowings	-	-
Income Received in Advance	-	-
Unpaid Dividends	-	1,542
Application money received for allotment of securities and due for refund and interest accrued thereon	-	-
Unpaid matured Deposits and Interest accrued thereon	-	-
Unpaid matured Debentures and Interest accrued thereon	-	-
Other Payables (Refer Note No. 7.1)	10,72,991	2,61,937
Dividend Payable	35,30,047	-
<b>Total</b>	<b>46,03,038</b>	<b>2,63,479</b>

- 7.1 Other payables include audit fees payable amounting to ₹ 90,000 advances received from customers, amounting to ₹ 20,465, office rent payable amounting to ₹ 4,05,000 and other expenses Payable amounting to ₹ 5,57,526.

### 8. SHORT TERM PROVISIONS

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
<b>Provision for Employee Benefits:</b>		
- Salary and Reimbursements	15,981	17,828
- Contribution to ESIC and Provident Fund	1,35,715	1,46,771
- Leave encashment	-	-
- Gratuity	-	-
<b>Others (Refer Note No. 8.1)</b>	<b>15,29,636</b>	<b>67,41,743</b>
<b>Total</b>	<b>16,81,332</b>	<b>69,06,342</b>

- 8.1 Other Short Term Provision includes:
- Tax deducted at source payable amounting to ₹ 2,18,737.
  - GST payable in Parwaroo Unit amounting to ₹ 13,04,986.
  - Professional Tax payable amounting to ₹ 5,913.



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## AARTECH SOLONICS LIMITED

Notes on Financial Statements for the Year ended March 31, 2020

### 9. FIXED ASSETS

(Amount in ₹)

Particulars	Gross Block			Rate of Depreciation	Depreciation/Amortisation			Net Block	
	As at 01/04/2019	Addition/ (Deduction)	As at 31/03/2020		For the year	Deduction	As at 31/03/2020	As at 01/04/2019	As at 31/03/2020
<b>Tangible Assets:</b>									
Land	17,90,732	-	17,90,732	0.00%				17,90,732	17,90,732
Building	1,99,36,032	6,40,579	2,05,76,611	3.17%	6,32,584		68,08,598	1,37,60,018	1,37,68,013
Plant & Machinery	49,25,569	-5,31,450	43,94,119	6.33%	30,193	-29,05,389	19,85,182	65,191	24,08,937
Electrification	24,78,453	-	24,78,453	9.50%	2,25,318		17,02,140	10,01,631	7,76,313
Office Equipment	33,70,405	-6,07,720	27,62,685	19.00%	23,469	-7,53,276	25,87,603	52,995	1,75,082
Computer & Accessories	52,51,511	-33,80,049	18,71,462	31.67%	47,427	-35,39,343	17,21,481	38,114	1,49,981
Testing Equipment	31,48,745	-	31,48,745	6.33%	1,99,315		18,93,758	14,54,302	12,54,987
Furniture & Fixtures	60,19,821	-1,94,397	58,25,424	9.50%	5,46,904	-1,94,397	48,68,070	15,04,258	9,57,354
Vehicles	47,97,646	-14,15,342	33,82,304	11.88%	1,18,964	-18,82,348	23,86,477	6,47,785	9,95,827
Tools	13,96,326	-45,444	13,50,882	6.33%	85,017	-63,758	6,44,206	7,73,379	7,06,676
<b>Total</b>	<b>5,31,15,240</b>	<b>-55,33,823</b>	<b>4,75,81,417</b>		<b>19,09,191</b>	<b>-93,38,511</b>	<b>2,45,97,515</b>	<b>2,10,88,405</b>	<b>2,29,83,902</b>



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## AARTECH SOLONICS LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2020

#### 10. NON CURRENT INVESTMENT

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
Investment in property	1,30,64,811	1,30,64,812
Investment in Silver Coin	-	9,740
Investment in subsidiary		
- AIC- AARTECH SOLONICS PVT LTD	1,00,000	1,00,000
- FARADIGM ULTRACAPACITORS PVT LTD	95,000	95,000
Investments in equity instruments:		
- Dena Bank Equity	54,640	54,640
- Enerqual Technology Private Limited	3,00,000	-
- Umang Shridhar Design Private Limited	25,00,000	-
Investments in Fully Convertible Debenture:		
- Faradigm Ultracapacitors Private Limited	1,00,00,000	-
- AIC- Aartech Solonics Pvt Ltd	30,80,000	-
<b>Total</b>	<b>2,91,94,451</b>	<b>1,33,24,192</b>

#### 11. LONG TERM LOANS & ADVANCES

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
Loans & Advances to related parties (unsecured considered good)		
- AIC- AARTECH SOLONICS PVT LTD	1,72,11,008	1,59,87,932
- FARADIGM ULTRACAPACITORS PVT LTD	1,43,95,780	1,03,97,666
Other Loans and Advances (Unsecured Considered Good)	5,55,30,344	3,41,29,600
Security Deposits (Unsecured Considered Good)	36,85,718	36,54,377
<b>Total</b>	<b>9,08,22,850</b>	<b>6,41,69,575</b>

11.1 Security deposits represents amount of EMD and security deposits for electricity and telephone.

11.2 AIC- Aartech Solonics Private Limited is wholly owned subsidiary company of Aartech Solonics Limited Interest

11.3 Faradigm Ultracapacitors Private Limited is wholly owned subsidiary company of Aartech Solonics Limited



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**AARTECH SOLONICS LIMITED****Notes on Financial Statements for the Year ended 31st March, 2020****12. CURRENT INVESTMENT**

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
<b>Investments in mutual funds (Instrument wise):</b>		
- Nil (Previous year 349.77) Reliance Ultra Short Duration Fund	-	10,07,117
- 1,02,963.45 (Previous year 1,02,963.45) Axis Multi Cap Fund Growth	11,03,768	11,03,768
- 2,58,658.56 (Previous year 1,92,164) DSP Equity Fund Regular Plan	1,00,07,100	92,05,630
- 5,587.51 (Previous year 1,680.04) HDFC Capital Fund Growth	16,30,547	10,30,547
- 11,256.16 (Previous year 7,486.89) TATA Equity Fund Regular	14,99,900	9,99,900
- Nil(Previous year 1,842.57) ICICI Prudential Floating Interest Fund	-	5,00,000
- 4,592.01 (Previous year 1,526.48) Aditya Birla Sunlife Equity	18,00,000	6,00,000
- 21,458.08 (Previous year 43,173.83) Aditya Birla Sunlife Frontline	47,96,041	96,38,218
- Nil (Previous year 17,502.77) Kotak Low duration Fund Growth	-	4,00,00,000
- 33,381.74(Previous year Nil)Aditya Birla Focused Equity Fund Growth	20,00,000	-
- 3,4071.55(Previous year Nil)Aditya Birla Sun Life Banking And	10,00,000	-
- 1.11(Previous year Nil)Aditya Birla Sun Life Overnight Fund Growth	1,193	-
- 1,252.07(Previous year Nil)Aditya Birla Sunlife Mnc Fund Growth	10,00,000	-
- 10,823.68(Previous year Nil)Aditya Birla Sun Life India Gen Next Fund	10,00,000	-
- 15,621.19(Previous year Nil)Aditya Birla Sun Life Dynamic Bond Fund	5,00,000	-
- 3,257.38 (Previous year Nil)Aditya Birla Sun Life Equity Fund Growth	25,00,000	-
- 565.17 (Previous year Nil)Aditya Birla Sun Life Low Duration Fund	2,54,459	-
- 6,859.66(Previous year Nil)DSP Mid Cap Fund Regular Plan Growth	4,00,000	-
- 15,082.58(Previous year Nil)HDFC Small Cap Fund-Regular Plan-	6,00,000	-
- 1,125.16(Previous year Nil)HDFC Top 100 Fund -Regular Plan	5,50,000	-
- 59,413.59(Previous year Nil) IDFC Banking & PSU Debt Fund Regular	10,00,000	-
- 18,608.41(Previous year Nil) IDFC Large Cap Fund Growth Regular	6,05,518	-
- 17,611.74(Previous year Nil) IDFC Ultra Short Term Fund Regular	1,00,000	-
- 1,02,979.22(Previous year Nil)IDFC Emerging Businesses Fund	10,27,733	-
- 14,904.52(Previous year Nil)IDFC Bond Fund Medium Term Plan	5,00,000	-
- 24,965.27(Previous year Nil)Idfc Bond Fund Short Term Plan Growth	10,17,914	-
- 46.28(Previous year Nil)Invesco Mutual Fund	1,00,000	-
- 4,69,571.75(Previous year Nil)Kotak Balanced Advantage Fund	50,00,000	-
- 54,285.15(Previous year Nil)Kotak Emerging Equity Scheme Growth	21,00,000	-
- 95.28 (Previous year Nil)Kotak Equity Opprtunities Fund Growth	3,50,000	-
- 10,00,000 (Previous year Nil)Kotak Focused Equity Fund Growth	1,00,00,000	-
- 3,00,000 (Previous year Nil)Kotak Pioneer Fund Growth Regular Plan	30,00,000	-
- 1,46,840.96 (Previous year Nil)Kotak Standard Multicap Fund Growth	53,50,000	-
- 10,732.17 (Previous year Nil) Nippon India Banking Fund Growth	31,05,000	-
- 18,512.75(Previous year Nil) Nippon India Balanced Advantage Fund	16,99,521	-
- 1,417.04(Previous year Nil)Nippon India Growth Fund Growth Plan	16,00,685	-
- 23,081.35 (Previous year Nil) Nippon India Large Cap Fund Growth	7,98,000	-
- 27,790.33(Previous year Nil) Nippon India Multicap Fund Growth	26,83,000	-
- 4,363.01(Previous year Nil)Nippon India Overnight Fund Growth Plan	4,66,692	-
- 59,676.70(Previous year Nil) Nippon India Junior Bees Fof Growth	5,59,288	-
- 8,146.16(Previous year Nil)Nippon India Short Term Fund Growth	3,07,166	-
- 24,010.78 (Previous year Nil) Nippon India Small Cap Fund Growth	9,00,000	-
- 413.55 (Previous year Nil)Nippon India Value Fund Growth Plan	30,000	-
- 58,196.97(Previous year Nil) Nippon India Us Equity Opportunities	10,00,639	-
- 11,879.42(Previous year Nil)Nippon India Prime Debt Fund Growth	5,00,000	-
- 7,087(Previous year Nil) Nippon India Cpse Etif Fund	1,75,004	-
<b>Total</b>	<b>7,46,19,168</b>	<b>6,40,85,180</b>



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## AARTECH SOLONICS LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2020

Quoted Investments – Book Value	7,46,19,168	6,40,85,180
Quoted Investments – Market Value	5,89,64,459	6,45,21,440
<b>Total book value of current investments</b>	<b>7,46,19,168</b>	<b>6,40,85,180</b>

#### 13. INVENTORIES

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
Raw Materials and components	2,42,60,921	1,71,22,907
Work-in-progress	39,85,235	8,76,865
Finished Goods	47,765	13,41,353
Stock in trade	-	44,45,931
<b>Total</b>	<b>2,82,93,921</b>	<b>2,37,87,055</b>

#### 14. TRADE RECEIVABLES

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
Outstanding for less than 6 months from the due date (Unsecured, considered good)	3,79,70,840	4,38,00,718
Outstanding for more than 6 months from the due date (Unsecured, considered good)	74,38,311	64,50,883
<b>Total</b>	<b>4,54,09,151</b>	<b>5,02,51,601</b>

14.1 The amount of trade receivables outstanding for more than 6 months include an amount of ₹ 5,71,515 receivable from M/s GET Power Pvt Ltd. The Company has appealed for the recovery of the above amount under section 20 read with section 30 of the MSME Act, 2006. The Company is fairly optimistic that they will be able to recover the amount from the debtor and hence no provision has been proposed by the management.



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## AARTECH SOLONICS LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2020

#### 15. CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
Balances with banks:		
- Earmarked Balances	2,25,000	2,25,000
- Margin Money		-
- Security Against Borrowings		-
- Guarantees (refer note no. 15.1)	6,97,628	37,532
- Other Commitments (refer note no. 15.2)	65,18,246	4,10,92,538
- Bank deposits with more than 12 months maturity		-
Cheques, drafts on hand		-
Cash on hand	79,800	19,403
Others (refer note no. 15.3)	79,987	1,18,130
<b>Total</b>	<b>76,00,661</b>	<b>4,14,92,603</b>

15.1 Guarantees represent fixed deposits pledged with banks for bank guarantees.

15.2 Other commitments represent balances with banks.

15.3 Others represent imprest given to employees for incurring expenses.

#### 16. SHORT TERM LOANS AND ADVANCES

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
<b>Unsecured Loans and Advances</b>		
Pratigya Commercials LLP	32,30,700	
Loans and Advances to Related Parties	35,480	-
Other Loans and Advances	61,51,729	13,67,060
<b>Total</b>	<b>94,17,909</b>	<b>13,67,060</b>

16.1 Other Loans and Advances (unsecured and considered good) includes the following major advances:

- An amount of ₹ 14,49,710 as advances given to employees.
- An amount of ₹ 42,81,029 as advances given to Suppliers.
- An amount of ₹ 4,24,787 as prepaid expenses.



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## AARTECH SOLONICS LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2020

#### 17. OTHER CURRENT ASSETS

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
Income Tax Refund Receivable AY 2016-2017	4,21,004	4,21,004
TDS Receivable	-	14,55,903
Advance Income Tax AY 2019-20	-	20,90,000
Advance Income Tax AY 2020-21	3,04,218	-
Excise Duty Receivables	1,32,442	1,32,442
Accrued Interest	8,30,569	6,07,758
GST Receivable	24,04,794	9,30,065
<b>Total</b>	<b>40,93,027</b>	<b>56,37,172</b>

#### 18. REVENUE FROM OPERATIONS

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
Sale of Products	9,18,98,535	13,79,58,001
Sale of Services	85,41,513	76,92,995
<b>Total</b>	<b>10,04,40,048</b>	<b>14,56,50,996</b>

#### 19. OTHER INCOME

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
- Interest Income	40,98,574	26,93,627
- Dividend Income	-	1,93,968
- Rental Income	-	48,24,000
- Revenue Government Grant for DST Uplift Project	10,09,773	8,00,000
- Net gain/(- loss) on sale of investments	19,06,474	31,88,904
- Net gain on foreign currency transaction and translation (other than considered for finance cost)	63,892	-
- Other non-operating income( Refer note no. 19.1)	2,38,142	9,31,456
- Profit on sale of Fixed Assets	5,00,000	1,10,000
<b>Total</b>	<b>78,16,856</b>	<b>1,27,41,955</b>

##### 19.1 Other Non-Operating Income includes:

- Rent received on flats and bungalow given to employees ₹ 1,78,000.
- Other miscellaneous income ₹ 60,142.



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# AARTECH SOLONICS LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2020

### 20. COST OF MATERIALS CONSUMED

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
Purchase of Raw Materials	5,88,32,715	7,42,22,958
Opening Balance of Raw Materials	1,71,22,907	1,56,19,243
Less : Closing Balance of Raw Materials	2,42,60,921	1,71,22,907
<b>Total</b>	<b>5,16,94,701</b>	<b>7,27,19,295</b>

#### 20.1 Details of Imported Raw Materials stated on C.I.F.basis:

- Purchase of Raw Material includes Imported raw material of ₹ 68,68,138 and Indigenous raw material of ₹
- Opening Balance of Raw Material includes Imported raw material of ₹ 1,10,14,059 and Indigenous raw material of ₹ 61,08,848.
- Closing Balance of Raw Material includes Imported raw material of ₹ 1,46,50,418 and Indigenous raw material of ₹ 96,10,503 .

### 21. CHANGE IN INVENTORIES

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
Finished goods:		
Opening Balance	57,87,284	-
Less: Closing Balance	47,765	57,87,284
	<b>57,39,519</b>	<b>-57,87,284</b>
Work-in-Progress:		
Opening Balance	8,76,865	2,32,71,973
Less: Closing Balance	39,85,235	8,76,865
	<b>-31,08,369</b>	<b>2,23,95,108</b>
<b>Total</b>	<b>26,31,149</b>	<b>1,66,07,824</b>



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# AARTECH SOLONICS LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2020

### 22. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	As at	As at
	31st March 2020	31st March 2019
Salaries and Wages (Refer Note No. 22.1)	2,26,80,938	2,22,40,449
Contribution to Provident Fund and Other Funds	9,19,844	10,49,938
Staff Welfare Expenses	15,26,295	12,72,641
<b>Total</b>	<b>2,51,27,077</b>	<b>2,45,63,028</b>

#### 22.1 Salaries and Wages include:

- Director's Remuneration amounting to ₹ 54,12,784 (Previous Year ₹ 34,37,784).
- Staff Salary amounting to ₹ 1,72,68,154 (Previous Year ₹ 1,88,02,665).
- Out of the above staff salary, salary amounting to ₹ 5,48,532 (Previous Year ₹ 4,09,045) relates to Recognised Research & Development Facility.

### 23. FINANCE COST

(Amount in ₹)

Particulars	As at	As at
	31st March 2020	31st March 2019
Interest Expenses (Refer Note No. 23.1)	5,18,846	50,522
Other borrowing costs (Refer Note No.23.2)	4,33,922	8,00,381
Applicable loss on foreign currency transactions and translation	-	-
<b>Total</b>	<b>9,52,768</b>	<b>8,50,903</b>

23.1 Interest Expenses shown interest on CC/OD Account.

23.2 Other borrowing costs include bank charges and bank commission paid during the year for bank guarantees.

### 24. DEPRECIATION AND AMORTISATION EXPENSES

(Amount in ₹)

Particulars	As at	As at
	31st March 2020	31st March 2019
Depreciation of tangible assets	19,09,190	20,52,726
Amortisation of intangible assets	-	-
<b>Total</b>	<b>19,09,190</b>	<b>20,52,726</b>

24.1 Refer note 9 for assets wise details of depreciation charge and note 1.9 for depreciation policy and rates of depreciation.





## AARTECH SOLONICS LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2020

#### 25. OTHER EXPENSES

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
<b>Administrative Expenses</b>		
Audit fees	1,00,000	1,00,000
Director Sitting Fees	75,000	30,000
Membership & Registration Fees	73,200	9,50,094
Insurance Expenses	1,23,662	4,25,309
Internet Expenses	3,36,406	2,57,316
Legal expenses	1,49,789	1,63,029
Professional & consultancy expenses	22,86,494	11,83,787
Electricity Expenses	1,35,575	1,13,546
Office Expenses	2,46,924	2,04,254
Petrol & Diesel	2,30,404	1,57,131
Postage & Courier Expenses	1,90,815	2,37,187
Printing & Stationery Expenses	64,821	2,25,967
Rates and taxes (excluding taxes on income)	5,26,231	2,93,914
Rent Office	18,00,000	18,00,000
Repairs & Maintenance	4,86,262	2,14,764
Vehicle Repairs & Maintenance	85,920	1,17,873
TCS ERP Solution	4,55,000	-
Security Expenses	1,79,621	1,45,499
Telephone & Mobile expenses	1,85,442	2,48,069
Miscellaneous administrative expenses	7,85,042	22,80,768
<b>Total (A)</b>	<b>85,16,607</b>	<b>91,48,508</b>
<b>Manufacturing Expenses</b>		
Power and Fuel	7,14,936	5,89,186
Rent Factory	3,30,371	2,70,532
Powder Coating	4,28,601	-
Site Development expenses	3,33,334	-
Repairs to machinery	60,961	4,72,808
Testing Charges	8,000	5,82,381
Job Work Expenses	10,83,241	8,22,385
Miscellaneous manufacturing expenses	3,88,297	4,33,091
<b>Total (B)</b>	<b>33,47,741</b>	<b>31,70,383</b>
<b>Selling and Marketing Expenses</b>		
Advertisement and business promotion expenses	5,46,989	8,38,120
Sales Commission	25,19,611	16,11,139
Travelling Expenses	27,21,230	33,70,963
Late Delivery	84,884	10,45,560
Transportation Outward	7,51,202	6,39,472
Tender Fees	76,562	-
<b>Total (C)</b>	<b>67,00,478</b>	<b>75,05,254</b>
<b>Research &amp; Development Expenses</b>		
Material Consumed	86,693	4,10,290
Travelling Expenses	54,631	53,310
Other Expenses	3,903	4,30,975
<b>Total (D)</b>	<b>1,45,227</b>	<b>8,94,575</b>
<b>Loss due to Foreign Currency Fluctuation (E)</b>	-	-4,51,225
<b>Total Other Expenses (A+B+C+D+E)</b>	<b>1,87,10,053</b>	<b>2,02,67,495</b>



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## AARTECH SOLONICS LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2020

#### 26. CURRENT TAX

Provision for current tax is made in the statement of profit and loss for the year ending March 31, 2020 after taking into consideration the provisions of Income Tax Act, 1961 including provisions of Minimum Alternate Tax under section 115JB (Chapter XII-B) including various benefits available under the Income Tax Act.

For the year ending March 31, 2020 (assessment year 2020 -21), the income tax computed under the other provisions (provisions of the Income Tax Act other than Chapter XII-B) amounts to ₹ 18,44,943 and income tax computed under the provisions of chapter XII-B of Income Tax Act amounts to ₹ 12,00,584. The provision of ₹ 12,00,584 has been made after utilising MAT credit.

#### 27. DEFERRED TAX EXPENSE

The deferred tax expense debited to the statement of profit and loss for the period has been recognised for the tax effect of the timing difference accounting income and taxable for the year and quantified using the tax rates and laws enacted pertaining to the period during which the difference arises. The deferred tax expense as debited in the statement of profit and loss has been computed as under:

**27.1** Deferred tax impact of the timing difference in depreciation as per the Companies Act, 2013 and depreciation as per the Income Tax Act, 1961 –

– Depreciation as per Income Tax Act, 1961	:	₹	23,68,950
– Depreciation as per Companies Act, 2013	:	₹	19,09,191
– Difference	:	₹	4,59,759
– Deferred tax impact (Expense)	:	₹	1,19,537

**27.2** Net deferred tax expense debited to statement of profit and loss for the period is ₹ 1,19,537.



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## AARTECH SOLONICS LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2020

#### 28. RESEARCH & DEVELOPMENT EXPENSES

The Company has maintained a recognised in-house research and development facility which is registered with the Department of Scientific & Industrial Research (DSIR) under Ministry of Science & Technology, Government of India. The Company maintains details of all expenses incurred specifically for Research & development purposes.

The expenses incurred during the year specifically for Research & Development purposes are:

Particulars	(Amount in ₹)	
	As at 31st March 2020	As at 31st March 2019
1 Salary to research staff (refer note 22.1)	5,48,532	4,09,045
2 Material purchased	86,693	-
3 Travelling expenses	54,631	-
4 Other Expenses	3,903	4,30,975
<b>Total</b>	<b>6,93,759</b>	<b>8,40,020</b>



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# AARTECH SOLONICS LIMITED

Notes on Financial Statements for the Year ended March 31, 2020

## 29. RELATED PARTY DISCLOSURE

S.No.	Name of Related Party	Related Party Category	Nature of Transaction	Amount in ₹
1	AIC - Aartech Solonics Pvt Ltd	Subsidiary Company	Unsecured Loan	1,72,11,008
2	AIC - Aartech Solonics Pvt Ltd	Subsidiary Company	Interest received on Unsecured Loan	13,58,974
3	AIC - Aartech Solonics Pvt Ltd	Subsidiary Company	Investment in Fully Convertible Debenture	30,80,000
4	AIC - Aartech Solonics Pvt Ltd	Subsidiary Company	Job Work on Contract Basis	82,877
5	Faradigm Ultracapacitors Pvt Ltd	Subsidiary Company	Interest received on Unsecured Loan	9,97,907
6	Faradigm Ultracapacitors Pvt Ltd	Subsidiary Company	Interest received on Debenture	6,49,726
7	Faradigm Ultracapacitors Pvt Ltd	Subsidiary Company	Rent and Administrative service	2,92,000
8	Faradigm Ultracapacitors Pvt Ltd	Subsidiary Company	Trade Sales	2,47,853
9	Faradigm Ultracapacitors Pvt Ltd	Subsidiary Company	Unsecured Loan	1,43,95,780
10	Faradigm Ultracapacitors Pvt Ltd	Subsidiary Company	Investment in Fully Convertible Debenture	1,00,00,000
11	Faradigm Ultracapacitors Pvt Ltd	Subsidiary Company	Trade Purchase	8,50,009



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# AARTECH SOLONICS LIMITED

## Statement of Cash Flow for the year ended March 31, 2020

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>1. Cash Flows from Operating Activities</b>		
Net Profit and Loss a/c ( as per profit and loss account)	23,81,797	1,69,85,346
<b>Add : (A) Apportionment of Fund :</b>		
Provision for tax made during the year	12,00,584	42,72,177
Deferred Tax	1,19,537	74,157
<b>Net Profit before taxation and extra ordinary items</b>	<b>37,01,918</b>	<b>2,13,31,680</b>
<b>Add : (B) Non operating Expenses :</b>		
Depreciation during the year	19,09,191	20,52,726
<b>Sub Total</b>	<b>19,09,191</b>	<b>20,52,726</b>
<b>Less : (C) Non operating Income :</b>		
Interest Income (refer note 19)	40,98,574	26,93,627
Dividend Income (refer note 19)		1,93,968
Net gain/(- loss) on sale of investments (refer note 19)	19,06,474	31,88,904
Other non-operating income ( refer note 19)	2,38,142	9,31,456
Revenue Grant for DST Uplift Project (refer note 19)	10,09,773	8,00,000
Profit on sale of Fixed Assets (refer note 19)	5,00,000	1,10,000
<b>Sub Total</b>	<b>77,52,963</b>	<b>79,17,955</b>
<b>(D) Operating Profit Before Working Capital Changes (A+B-C)</b>	<b>-21,41,854</b>	<b>1,54,66,451</b>
<b>Add : (E) Increase in current liabilities and decrease in current assets:</b>		
Decrease in inventory	-	1,51,04,161
Decrease in other current assets	18,48,363	-
Increase in Short term provisions		5,22,061
Increase in Trade Payables	82,57,858	44,84,460
Increase in other current liabilities	43,39,559	-
Increase in Short term borrowings	1,73,58,455	-
Decrease in Short term loan and advances	-	-
Decrease in account receivable	48,42,450	-
<b>Sub Total</b>	<b>3,66,46,686</b>	<b>2,01,10,682</b>
<b>Less : (F) Increase in current assets and decrease in current liabilities:</b>		
Increase in inventory	45,06,866	-
Increase in account receivable		1,57,06,526
Increase in short term loans and advances	80,50,849	-
Increase in other current assets		40,12,960
Decrease in other current liabilities		5,54,443
Decrease in Trade Payable		-
Decrease in Short Term Borrowings		-
Decrease in short term provisions	52,25,010	24,00,650
<b>Sub Total</b>	<b>1,77,82,725</b>	<b>2,26,74,579</b>
<b>(G) Cash generated from Operations (D+E-F))</b>	<b>1,67,22,107</b>	<b>1,29,02,554</b>
<b>(H) Income tax paid during the year:</b>	15,04,802	35,45,903
<b>(I) Net cash generated from operational activity (G-H)</b>	<b>1,52,17,305</b>	<b>93,56,651</b>
<b>2. Cash Flows from Investing Activities</b>		
<b>(A) Net cash inflow from investment activity</b>		
Interest Income (refer note 19)	40,98,574	26,93,627
Dividend Income (refer note 19)		1,93,968
Net gain/(- loss) on sale of investments (refer note 19)	19,06,474	31,88,904
Other non-operating income ( refer note 19)	2,38,142	9,31,456
Revenue Grant for DST Uplift Project (refer note 19)	10,09,773	8,00,000
Proceeds from marketable securities	4,63,59,034	3,00,38,980
Proceeds from sale of fixed assets	5,00,000	1,10,000
Realisation of security deposit		
Maturity of fixed deposit made the year	50,10,972	17,10,763
<b>Sub Total</b>	<b>5,91,22,969</b>	<b>3,96,67,698</b>



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**AARTECH SOLONICS LIMITED****Statement of Cash Flow for the year ended March 31, 2020**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>(B) Net cash outflow from investment activity</b>		
<i>Investment made in marketable securities during the year</i>	5,96,83,281	6,30,78,063
<i>Investment made in Subsidiary Company</i>		-
<i>Fixed deposit made during the year</i>	12,36,520	
<i>Investment made in Debentures of Subsidiary Company</i>	1,30,80,000	
<i>Investment made in Property</i>		1,03,659
<i>Long Term Loans &amp; Advances</i>	2,66,53,275	3,21,97,241
<i>Utilisation of Grant for DST Uplift Project</i>		-
<i>Purchase of new assets (net of sale proceed)</i>	36,70,188	24,80,889
<i>Security deposit paid</i>		-
<b>Sub Total</b>	<b>10,43,23,264</b>	<b>9,78,59,851</b>
<b>(C) Net cash generated from Investment activity (a-b)</b>	<b>-4,52,00,295</b>	<b>-5,81,92,153</b>
<b>3. Cash Flows from Financing Activities</b>		
<b>(A) Net cash inflow from financing activity</b>		
<i>Increase in long term borrowing</i>	-	-
<i>Proceeds from issue of equity shares</i>		7,20,80,000
<b>Sub Total</b>	<b>-</b>	<b>7,20,80,000</b>
<b>(B) Net cash outflow from Financing activity</b>		
<i>Decrease in long term borrowing</i>	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>
<b>(C) Net cash generated from Financing activity (a-b)</b>	<b>-</b>	<b>7,20,80,000</b>
<b>4. Net Increase/(Decrease) in Cash (1+2+3)</b>	<b>-2,99,82,990</b>	<b>2,32,44,498</b>
Cash and cash equivalents at the beginning of the year	3,24,87,880	92,43,382
<b>5. Cash and cash equivalents at the end of the year</b>	<b>25,04,890</b>	<b>3,24,87,880</b>

